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SUBJECT: UN CAPITAL MASTER PLAN: 2005 BOARD OF AUDITORS  
REPORT

¶1. SUMMARY: The Board of Auditors latest report on the Capital Master Plan, for the year ended December 31, 2005, raises concerns regarding the cost impact of delays in project implementation, the CMP office's adherence to the UN Procurement Manual and the submission of certain contract deliverables. The report also updates the General Assembly on CMP expenditures as of the end of 2005. The Board of Auditors report will be considered by the Fifth Committee this fall, along with other reports on the CMP. END SUMMARY.

¶2. The Board comments that delays in General Assembly decisions on project strategy and financing have increased the risk of higher costs to implement the project. They therefore recommend that the Administration strongly urge the General Assembly to make these decisions. (NOTE: The GA made a decision on strategy in June 2006 and is to continue discussions on financing during the main part of the 61st session. END NOTE.)

¶3. The Board notes that some contract amendments did not state the maximum amount that the United Nations was obligated to pay. In other contract amendments, the Board of Auditors review disclosed non-conformity with certain items in the UN Procurement Manual and recommends that the CMP office ensure that all future amendments are in full conformity with the procurement manual. In both cases, the Board is concerned that future disputes may arise due to these deficiencies. (COMMENT: USUN discussed these findings with the Board of Auditors and learned that they did not consider these issues to be overly problematic at this stage. They highlighted the issues to ensure that they are addressed prior to the construction phase of the project. END COMMENT.)

¶4. The Board of Auditors recommends, once again, that the Secretary-General establish an advisory board to assist him

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on matters related to the CMP. The Board also found that some contract deliverables were submitted after the date they were due and recommends that steps be taken to strengthen the monitoring of submissions. As of December 31, 2005, the cumulative expenditures for CMP amounted to \$32.533 million (vs. \$59.5 million appropriated by this date). The Board notes that 2005 expenditures were below 2004 expenditures due to the rescheduling of the construction documents phase for most contracts from 2005 to 2006.

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